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SAPC- 3466  
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## MEMORANDUM FOR THE RECORD

SUBJECT : Review of Hyeon Subcontract

1. The subcontract between the Perkin-Elmer Corporation, prime contractor under Contract No. 36-21-51, and Hyeon Manufacturing Company was executed under date of 21 June 1955 and was in the maximum amount of \$3,451,090. The format of the subcontract was re-determinable fixed-price and the target price was \$3,161,090. This target amount is comprised of \$2,900,000 - target cost and \$261,090 profit, the latter amount being adjustable depending on the final subcontract costs.

2. The maximum subcontract amount of \$3,451,090 is 1.091743 of the target price of \$3,161,090. The target cost of \$2,900,000 is .917431 of the target price of \$3,161,090 and the profit is .082569 of said \$3,161,090.

3. Supplemental Agreement No. 1 to the subcontract has been reviewed for compliance with Supplemental Agreement No. 1 to the prime contract. Items 52 through 189 and 185 through 249 in Appendix I of the supplemental agreement to the subcontract agree with the same items in Appendix I of the prime contract with the exception of Item 232. As pointed out in the prime contractor's letter of 5 January 1956 the price of this item has been reduced in the subcontract from \$30,000 to \$29,200 by reason of deletion of sub-item 7 (One (1) each Equipment Dolly). This change will be reflected under the prime contract in the next amendment to be issued thereunder.

4. Appendix I as amended by Supplemental Agreement No. 1 to the sub-contract results in an increase in the target price of the sub-contract of \$291,804 from \$3,161,090 to \$3,452,894. This increase agrees with the increase stated in Paragraph 7 of Memorandum for the Record dated 16 December 1955 concerning the prime supplemental agreement which increase is in the amount of \$292,604 (less \$800 for deletion of sub-item 7 from Item 232).

5. Applying the same rates as computed under the basic subcontract to Supplemental Agreement No. 1 to the subcontract, it has been found that the target profit of \$265,102 referred to in Sub-Section 1, Section L "Price Redetermination"; the maximum price of \$3,769,673 referred to in Sub-Section 5(b); and the Estimated target cost and profit of \$3,167,792 and \$265,102, respectively, referred to in sub-section 5(c) are correct. These calculations are as follows:

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New subcontract target price \$3,452,894 x .082569 = \$285,102,  
new profit allowance.

\$3,452,894 x .917431 = \$3,167,792, new target cost

\$3,452,894 x 1.091743 = \$3,769,673, new maximum subcontract  
price.

6. In view of the fact that the prime contract has been properly amended by prime Supplemental Agreement No. 1 to cover all work and services contemplated in Supplemental Agreement No. 1 to the subcontract of 21 June 1955, and since the latter mentioned supplemental agreement is correct and in proper form, it is recommended that it be approved for execution between the Perkin-Elmer Corporation and Hycon Manufacturing Company.

SIGNED

[Redacted Signature Box]

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APPROVED:

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[Redacted Signature Box]  
Contracting Officer

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